

EXPENDITURES

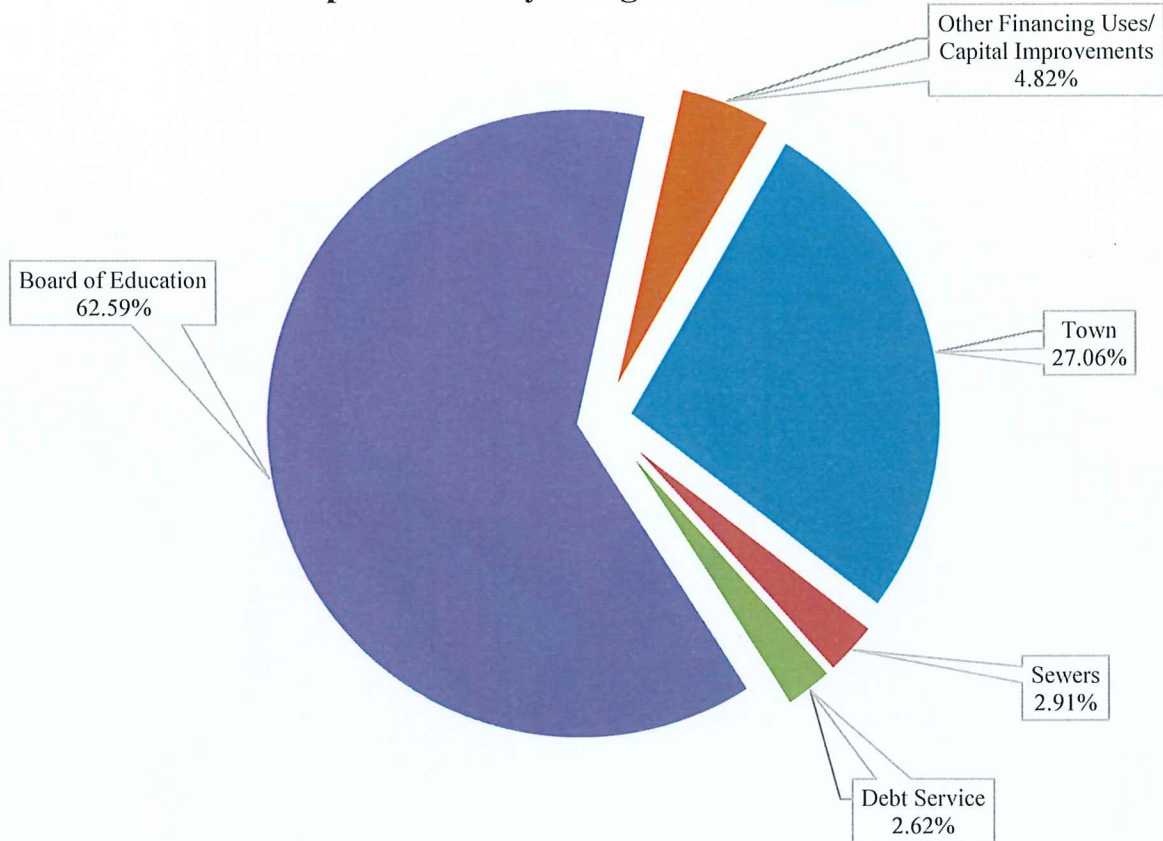
OVERVIEW

The adopted budget for fiscal year 2023/2024 includes expenditures for the Town, Board of Education, Sewers, Capital and Debt Service, and Other Financing Uses totaling \$110,096,541. A comparative summary of fiscal years 2022/2023 and 2023/2024 expenditures, as well as a detailed discussion and analysis of expenditure changes in the various budgets, are provided below.

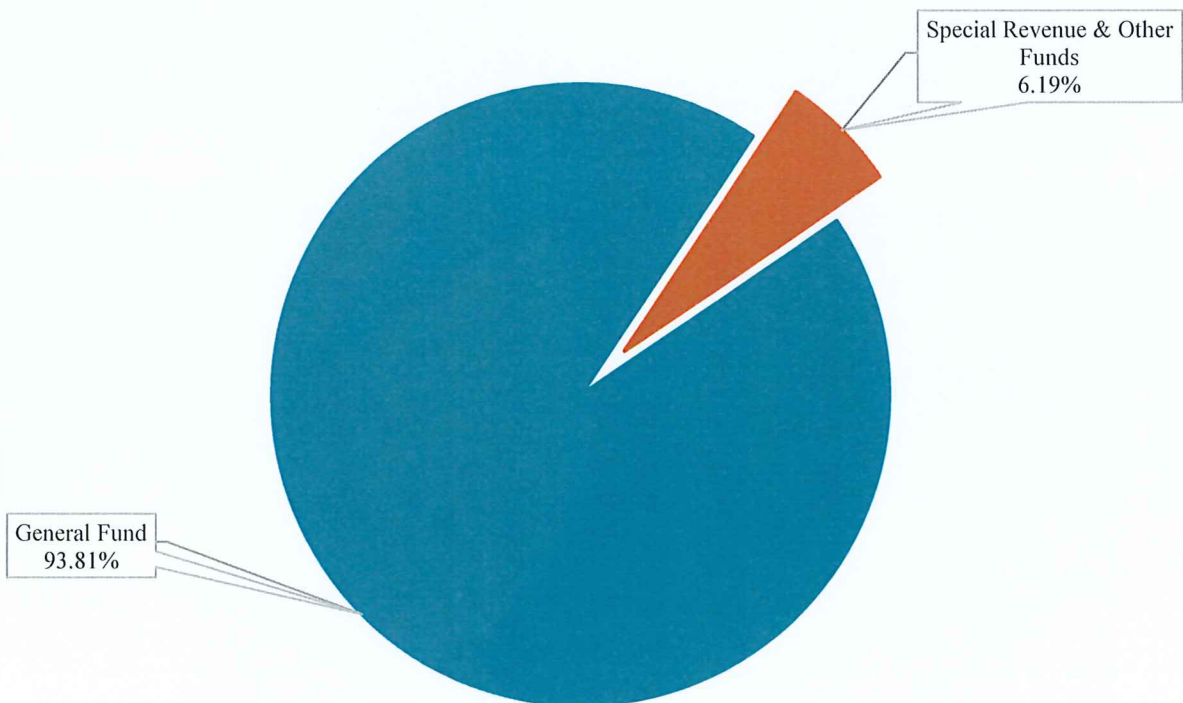
COMPARISON OF FY 2021/2022, FY 2022/2023, AND FY 2023/2024

	FY 21/22 ACTUAL	FY 22/23 ADOPTED BUDGET	FY 23/24 GENERAL FUND	FY 23/24 SPECIAL REV. & OTHER FUNDS	FY 23/24 ADOPTED BUDGET	DIFFERENCE	% CHANGE	% BY SUBTOTAL	BUDGET BY TOTAL
REVENUES									
Property Tax & Assessments	89,833,767	92,895,395	94,847,422	140,000	94,987,422	2,092,027	2.25%	86.28%	86.28%
Intergovernmental	7,483,042	4,650,625	3,065,141	1,780,131	4,845,272	194,647	4.19%	4.40%	4.40%
Licenses, Fees, & Permits	1,719,359	1,031,470	1,086,614	1,500	1,088,114	56,644	5.49%	0.99%	0.99%
Charges for Current Services	6,132,980	6,718,424	3,043,961	4,344,980	7,388,941	670,517	9.98%	6.71%	6.71%
Other Local Revenues	768,999	384,611	489,292	42,500	531,792	147,181	38.27%	0.48%	0.48%
Other Financing Sources	1,523,061	567,579	750,000	505,000	1,255,000	687,421	121.11%	1.14%	1.14%
TOTAL REVENUES	107,461,208	106,248,104	103,282,430	6,814,111	110,096,541	3,848,437	3.62%	100.00%	100.00%
EXPENDITURES									
TOWN									
General Government	2,789,907	3,101,653	3,319,419		3,319,419	217,766	7.02%	11.14%	3.02%
Public Safety	9,198,564	9,528,242	9,846,946	40,002	9,886,948	358,706	3.76%	33.18%	8.98%
Public Works	5,270,924	5,786,646	5,912,010	180,000	6,092,010	305,364	5.28%	20.45%	5.53%
Health & Social Services	530,589	549,134	571,318		571,318	22,184	4.04%	1.92%	0.52%
Recreation & Parks	1,017,245	1,322,583	956,481	485,673	1,442,154	119,571	9.04%	4.84%	1.31%
Library & Education	1,561,968	1,689,468	1,688,265		1,688,265	(1,203)	-0.07%	5.67%	1.53%
Conservation & Development	481,492	530,069	520,641		520,641	(9,428)	-1.78%	1.75%	0.47%
Miscellaneous									
Employee Benefit Funding	5,723,712	5,457,352	5,623,233		5,623,233	165,881	3.04%	18.87%	5.11%
Other Miscellaneous	369,835	388,560	649,199		649,199	260,639	67.08%	2.18%	0.59%
TOTAL TOWN	26,944,236	28,353,707	29,087,512	705,675	29,793,187	1,439,480	5.08%	100.00%	27.06%
BOARD OF EDUCATION									
Salaries	38,972,531	40,699,418	42,180,291		42,180,291	1,480,873	3.64%	61.23%	38.32%
Employee Benefits	10,602,051	10,369,798	11,076,230		11,076,230	706,432	6.81%	16.07%	10.07%
Purchased Prf & Tech Services	1,195,468	1,450,159	1,331,551		1,331,551	(118,608)	-8.18%	1.93%	1.21%
Property Services	846,338	774,926	816,421		816,421	41,495	5.35%	1.18%	0.74%
Other Purchased Services	7,323,500	7,680,735	7,850,636		7,850,636	169,901	2.21%	11.39%	7.14%
General Supplies & Utilities	2,652,439	2,571,436	2,702,842		2,702,842	131,406	5.11%	3.92%	2.45%
Equipment	1,101,984	681,182	638,536		638,536	(42,646)	-6.26%	0.93%	0.58%
Fees & Memberships	121,203	127,950	147,302		147,302	19,352	15.12%	0.21%	0.13%
Cafeteria Operation	1,146,630	1,153,428		1,139,410	1,139,410	(14,018)	-1.22%	1.65%	1.03%
Facility Use	17,729	25,000		38,000	38,000	13,000	52.00%	0.06%	0.03%
Prepaid State & Fed. Grants	1,847,286	950,311		958,612	958,612	8,301	0.87%	1.39%	0.87%
Technology Protection Plan	5,100	38,675		25,250	25,250	(13,425)	-34.71%	0.04%	0.02%
TOTAL BOARD OF EDUCATION	65,832,259	66,523,018	66,743,809	2,161,272	68,905,081	2,382,063	3.58%	100.00%	62.60%
SEWERS									
Operating Expense	2,882,182	3,116,593		3,198,967	3,198,967	82,374	2.64%	100.00%	2.91%
TOTAL SEWERS	2,882,182	3,116,593		3,198,967	3,198,967	82,374	2.64%	100.00%	2.91%
DEBT SERVICE									
Bonds	3,038,525	2,962,950	2,889,400		2,889,400	(73,550)	-2.48%	100.00%	2.62%
Notes									
TOTAL DEBT SERVICE	3,038,525	2,962,950	2,889,400		2,889,400	(73,550)	-2.48%	100.00%	2.62%
CAPITAL IMPROVEMENT PROGRAM									
Capital Improvements									
Facilities	2,170,193	3,957,836	1,972,709	748,197	2,720,906	(1,236,930)	-31.25%	59.67%	2.47%
Equipment	858,500	546,000	1,039,000		1,039,000	493,000	90.29%	22.79%	0.94%
C.N.R.E.F.	195,000	788,000	800,000		800,000	12,000	1.52%	17.54%	0.73%
TOTAL CAPITAL IMPROVEMENT	3,223,693	5,291,836	3,811,709	748,197	4,559,906	(731,930)	-13.83%	100.00%	4.14%
OTHER FINANCING USES									
Transfer To Medical Claims Fund			750,000		750,000	750,000	100.00%	100.00%	0.68%
TOTAL OTHER FINANCING USES			750,000		750,000	750,000	100.00%	100.00%	0.68%
TOTAL EXPENDITURES	101,920,895	106,248,104	103,282,430	6,814,111	110,096,541	3,848,437	3.62%	100.00%	100.00%

Expenditures by Budget FY 2023/2024



Expenditures by Fund FY 2023/2024



EXPENDITURES

The Expenditures portion of this document has been separated on a fund basis and year-to-year comparisons made, where appropriate, to retain comparative continuity for ease of understanding.

TOWN OPERATING BUDGET

As indicated in the Town Manager's Budget Message, the adopted budget for Town Services represents an increase of \$1,439,480 over the current appropriation of \$28,353,707, which represents a 5.08% increase.

Tables comparing expenditure totals, and percentages of totals for fiscal year 2020/2021 – fiscal year 2023/2024 are provided below. Detailed analysis of these three expenditure objects occurs on the following pages.

COMPARISON OF TOWN OPERATING - MAJOR EXPENDITURE OBJECTS *

EXPENDITURE OBJECT	FY 2020/2021	FY 2021/2022	FY 2022/2023	FY 2023/2024	\$ Inc/(Dec)	% Inc/(Dec)
Personal Services	\$19,894,344	\$20,502,382	\$21,148,683	\$22,045,036	\$896,353	4.24%
Services & Supplies	6,621,402	6,824,765	7,130,234	7,674,121	543,887	7.63%
Capital Outlay	<u>68,045</u>	<u>76,979</u>	<u>74,790</u>	<u>74,030</u>	<u>(760)</u>	<u>(1.02%)</u>
TOTAL	<u>\$26,583,791</u>	<u>\$27,404,126</u>	<u>\$28,353,707</u>	<u>\$29,793,187</u>	<u>\$1,439,480</u>	<u>5.08%</u>

* Does not include the Sewer Fund Budget.

PERCENTS OF TOTALS

EXPENDITURE OBJECT	FY 2020/2021	FY 2021/2022	FY 2022/2023	FY 2023/2024
Personal Services*	74.84%	74.82%	74.59%	73.99%
Services & Supplies	24.91%	24.90%	25.15%	25.76%
Capital Outlay	0.25%	0.28%	0.26%	0.25%

* Percentages listed above will not match the percentages on C.6, which include the Sewer Fund Budget.

PERSONAL SERVICES

The addition of an IT Specialist during fiscal year 22/23 resulted in the total number of budgeted full-time positions increasing from 112 to 113.

Overall, wages for fiscal year 23/24 increased by \$653,306 over fiscal year 22/23, representing a 5.36% increase. Cost drivers include: an additional full-time position (IT Specialist); funding of a previously approved, but unfunded position in the Police Department (to serve as a second School Resource Officer); the addition of 17 seasonal positions; general wage increases (GWI); step increases; wage adjustments to seasonal positions due to an extremely competitive labor market, as well as an increase to the State of Connecticut's minimum wage. A detailed analysis of personal services expenditures pertaining to wages and benefits is presented on the following page. A listing of authorized full, permanent part-time, and temporary part-time positions can be found on Pages A.18, A.19, and A.20.

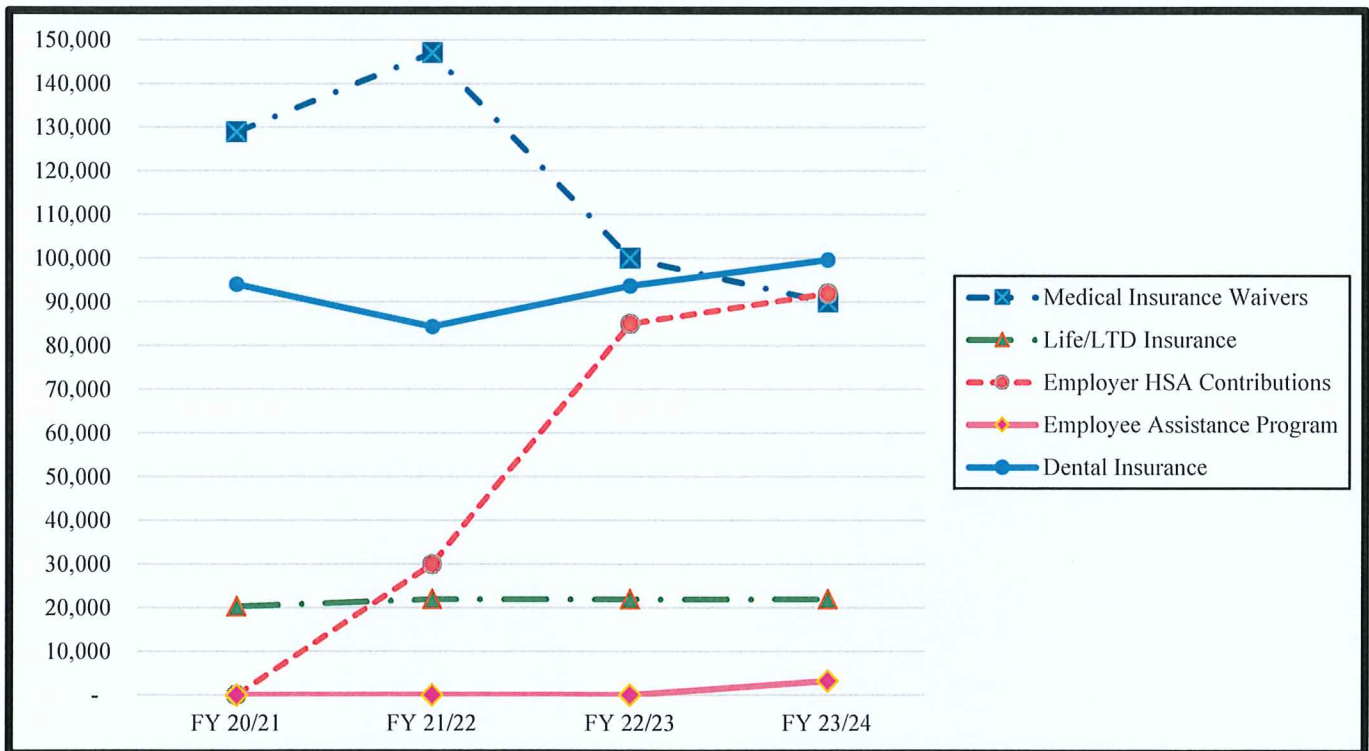
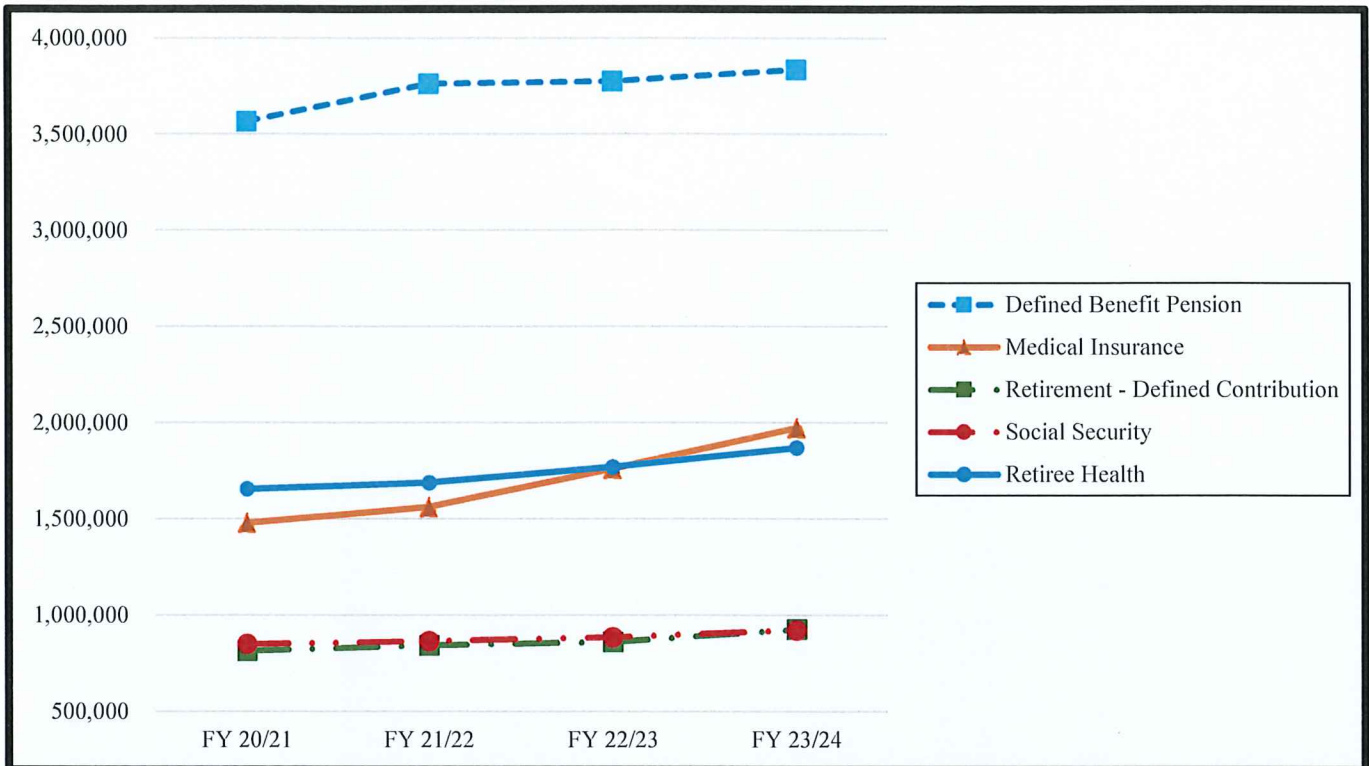
The Town has entered into labor negotiations with Public Works for the contract beginning July 1, 2023

COMPARISON OF PERSONAL SERVICES - FISCAL YEARS 2020/2021 – 2023/2024

	FY <u>2020/2021</u>	FY <u>2021/2022</u>	FY <u>2022/2023</u>	FY <u>2023/2024</u>	\$ <u>Inc/(Dec)</u>	% <u>Inc/(Dec)</u>
Wages						
General Government	1,589,859	1,654,380	1,692,817	1,803,194	110,377	6.52%
Public Safety	5,017,866	5,134,855	5,174,193	5,512,935	338,742	6.55%
Public Works	2,518,810	2,547,389	2,636,920	2,768,445	131,525	4.99%
Health & Social Services	155,968	155,245	169,923	176,105	6,182	3.64%
Recreation & Parks	546,452	570,411	670,372	742,814	72,442	10.81%
Library/Education	1,057,148	1,099,968	1,142,526	1,157,994	15,468	1.35%
Conservation & Development	346,289	374,031	343,650	337,750	(5,900)	(1.72%)
Car Allotments	24,340	22,700	26,300	27,300	1,000	3.80%
Town Operating Sub Total	11,256,732	11,558,979	11,856,701	12,526,537	669,836	5.65%
Sewer Operations	331,327	321,592	329,810	313,280	(16,530)	(5.01%)
Total Wages	<u>11,588,059</u>	<u>11,880,571</u>	<u>12,186,511</u>	<u>12,839,817</u>	<u>653,306</u>	<u>5.36%</u>
Employee Benefits						
*General Government	1,220,952	1,247,561	478,604	550,753	72,149	15.07%
*Public Safety	3,994,477	4,187,458	1,764,007	1,806,892	42,885	2.43%
*Public Works	2,239,508	2,308,749	992,464	958,742	(33,722)	(3.40%)
*Health & Social Services	122,935	131,055	25,686	23,596	(2,090)	(8.14%)
*Recreation & Parks	272,899	284,748	146,358	145,511	(847)	(0.58%)
*Library/Education	481,994	526,956	294,742	283,061	(11,681)	(3.96%)
*Conservation & Development	304,847	329,947	132,769	126,711	(6,058)	(4.56%)
Employee Benefit Funding	-	30,000	5,457,352	5,623,233	165,881	3.04%
DC Plan Forfeiture Offset	-	(103,071)	-	-	-	0.00%
Town Operating Sub Total	8,637,612	8,943,403	9,291,982	9,518,499	226,517	2.44%
Sewer Operations	310,797	302,226	309,490	320,797	11,307	3.65%
Total Employee Benefits	<u>8,948,409</u>	<u>9,245,629</u>	<u>9,601,472</u>	<u>9,839,296</u>	<u>237,824</u>	<u>2.48%</u>
Total – Wages & Benefits	<u>20,536,468</u>	<u>21,126,200</u>	<u>21,787,983</u>	<u>22,679,113</u>	<u>891,130</u>	<u>4.09%</u>

**Previously these categories included Workers' Compensation expenditures. In FY 2023/2024, these expenditures have been removed from departmental budgets and placed in the Municipal Insurance line. See L.4 for further detail.*

Benefit Rate Changes FY 20/21 – FY 23/24



Prior to FY 2023/2024, Workers' Compensation was included in the graphs shown above. Beginning in FY 2023/2024, Workers' Compensation is no longer being classified as an employee benefit and will instead be budgeted in the Municipal Insurance line. As such, it will no longer be included in the Benefit Rate Changes graphs. See L.4 for further detail.

COMPARISON OF WAGE CHANGES & BENEFIT RATE CHANGES

	FY <u>2020/2021</u>	FY <u>2021/2022</u>	FY <u>2022/2023</u>	FY <u>2023/2024</u>	\$ <u>Inc/(Dec)</u>	% <u>Inc/(Dec)</u>
Social Security	\$850,068	\$866,287	\$885,275	\$923,125	\$37,850	4.28%
Retirement Defined Benefit *	3,568,708	3,764,810	3,777,111	3,837,869	60,758	1.61%
Retirement Defined Contribution	815,873	844,787	862,488	926,874	64,386	7.47%
Medical Insurance	1,480,217	1,562,152	1,761,595	1,973,501	211,906	12.03%
Medical Insurance Waivers	128,967	147,134	100,000	90,000	(10,000)	(10.00%)
Employer HSA Contributions	-	30,000	85,000	92,000	7,000	8.24%
Dental Insurance	94,073	84,366	93,719	99,687	5,968	6.37%
Workers' Compensation**	332,998	340,526	242,284	-	(242,284)	(100.00%)
Life/LTD Insurance	20,383	22,000	22,000	22,000	-	0.00%
Retiree Health*** / ****	1,657,122	1,688,731	1,772,000	1,871,000	99,000	5.59%
Employee Assistance Program	-	-	-	3,240	3,240	100.00%
DC Plan Forfeiture Offset	-	(105,164)	-	-	-	0.00%
Total Benefits	8,948,409	9,245,629	9,601,472	9,839,296	237,824	2.48%
Wages	11,588,059	11,880,571	12,186,511	12,839,817	653,306	5.36%
Total Benefits and Wages	\$20,536,468	\$21,126,200	\$21,787,983	\$22,679,113	\$891,130	4.09%
Total Town/Sewer Budgets*****	\$29,421,713	\$30,503,892	\$31,470,300	\$32,992,154	\$1,521,854	4.84%

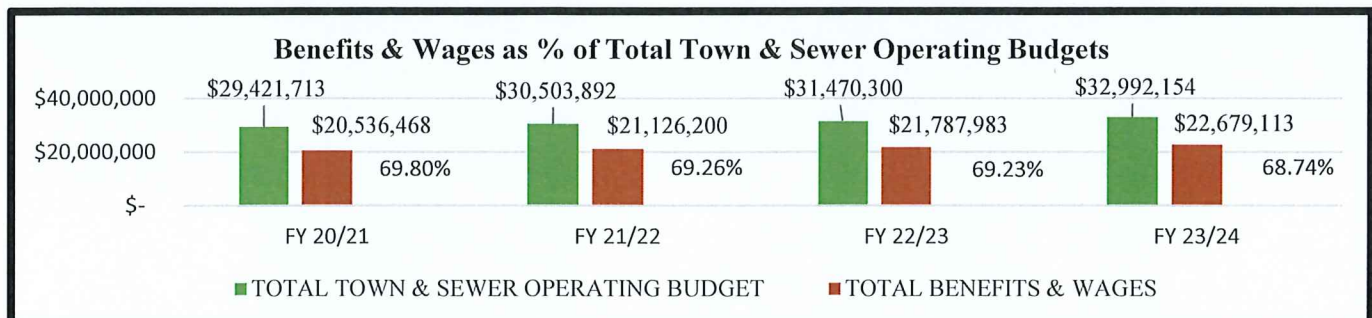
* In fiscal year 2020/2021, \$200,000 was funded from Fund Balance Assigned for Pension (FBAP) and the total Actuarially Determined Contribution (ADC) was funded at \$3,718,708, along with funding of \$50,000 for administrative services. In fiscal year 2021/2022, \$200,000 was funded from FBAP and the total ADC was funded at \$3,914,810, along with funding of \$50,000 for administrative services. In fiscal year 2022/2023, \$200,000 was funded from FBAP and the total ADC was funded at \$3,927,111, along with funding of \$50,000 for administrative services. In the budget adopted for fiscal year 2023/2024, \$200,000 is being funded from FBAP and the total ADC is being funded at \$3,987,869, along with funding of \$50,000 for administrative services.

** Beginning in fiscal year 2023/2024, workers' compensation is no longer being budgeted as an employee benefit, but rather as a component of Municipal Insurance. See page L.4 for further detail.

*** In fiscal year 2020/2021, \$150,000 was funded from Fund Balance Assigned for OPEB (FBAO) and \$80,000 was funded from the Post-Retiree Employee Benefit Reserve Fund (PREBRF). In fiscal year 2021/2022, \$150,000 was funded from FBAO and \$85,265 was funded from the PREBRF. In fiscal year 2022/2023, \$150,000 was funded from FBAO and \$50,000 was funded from the PREBRF. In the budget adopted for fiscal year 2023/2024, \$150,000 is being funded from FBAO and there is no longer any funding from the PREBRF as it has been depleted.

**** Of the \$1,657,122 funded in fiscal year 2020/2021, \$816,000 was to fund future benefits and \$841,122 was net current retiree cost. Of the \$1,688,731 funded in fiscal year 2021/2022, \$630,495 was to fund future benefits and \$1,058,236 was net current retiree cost. Of the \$1,772,000 of funding included in the budget adopted for fiscal year 2022/2023, \$743,750 is to fund future benefits and \$1,064,051 is net current retiree cost. Of the \$1,871,000 of funding included in the budget adopted for fiscal year 2023/2024, \$313,545 is to fund future benefits and \$1,557,455 is net current retiree cost.

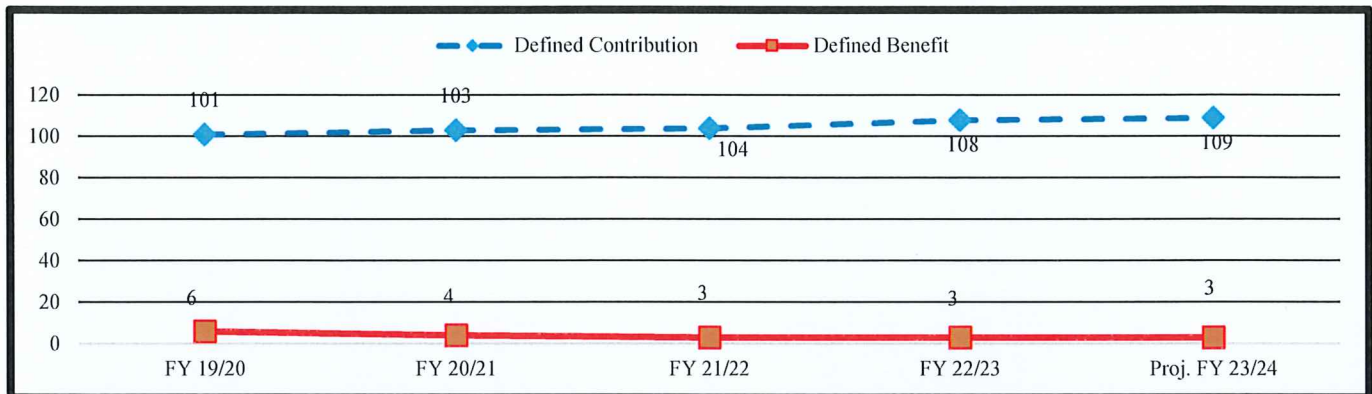
***** Percentages listed above include the General Fund and all Special Revenue Funds, including the Sewer Fund, and will not match the percentages on C.3, which do not include Sewer Fund expenditures.



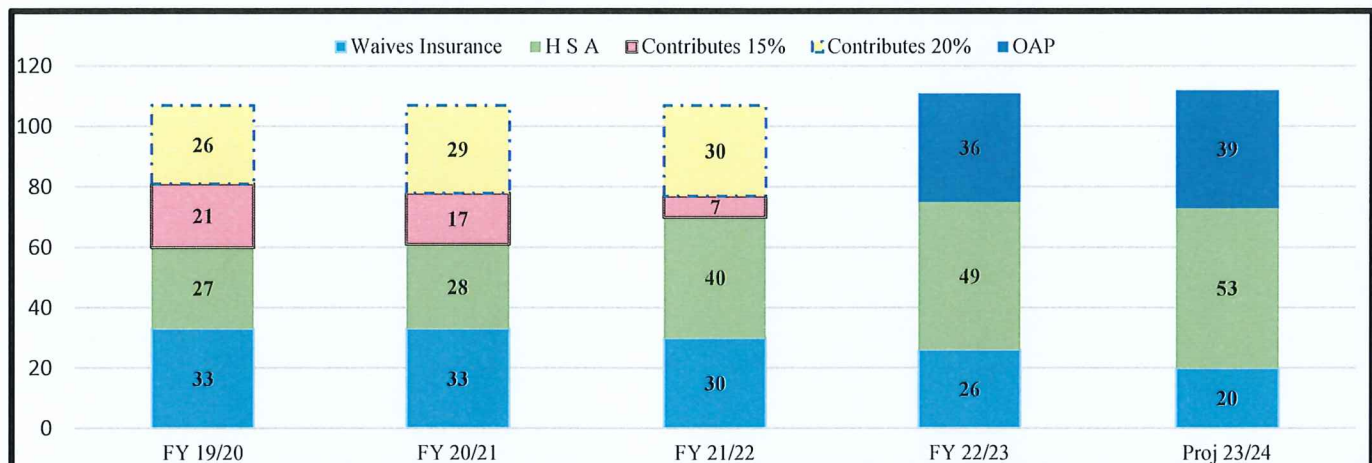
The increase in the Retirement Defined Benefit is based upon the recommendation of the Town's actuaries for fiscal year 2023/2024 contributions.

Per the Retirement Plan for Employees of the Town of Avon Actuarial Valuation as of July 1, 2022 for fiscal year ending June 30, 2024, the long-range forecast results indicate that the final payment of the Town's contributions will be ending in fiscal year 2027/2028. This forecast is based on the following assumptions: that the Town will pay the Actuarially Determined Contribution each year, that the assets will return the assumed interest rate on a market value basis each year, and that there are no future changes in the actuarial methods, the assumptions, or in the plan provisions.

Employees on Defined Contribution and Defined Benefit Plans from FY 2019/2020 – FY 2023/2024



Healthcare Coverage - Effective July 1, 2016, the Town introduced a High Deductible Health Plan/Health Savings Account (HDHP/HSA) as an alternative option to the Town's OAP plan. Effective July 1, 2018 all Police Officers participate in a HDHP/HSA Plan. Effective July 1, 2019 all Dispatchers participate in a HDHP/HSA Plan. Effective July 1, 2021 all Public Works employees participate in a HDHP/HSA Plan. Police and Public Works employees contribute 15% of the HDHP/HSA Plan premiums, and Dispatchers contribute 15.5% of the HDHP/HSA Plan premiums. Unaffiliated employees contribute 15%-20% toward the OAP Medical Plan and HDHP/HSA Medical Plan. All current Town employees contribute 15%-20% toward their Dental coverage. As a result of the Town's and its consultants' proactive management efforts, life insurance, long-term disability, and dental have stabilized significantly. Also, in concert with our mutual consultant, the Town continues to team with the Avon Public Schools administration to mitigate and monitor escalating health care costs.



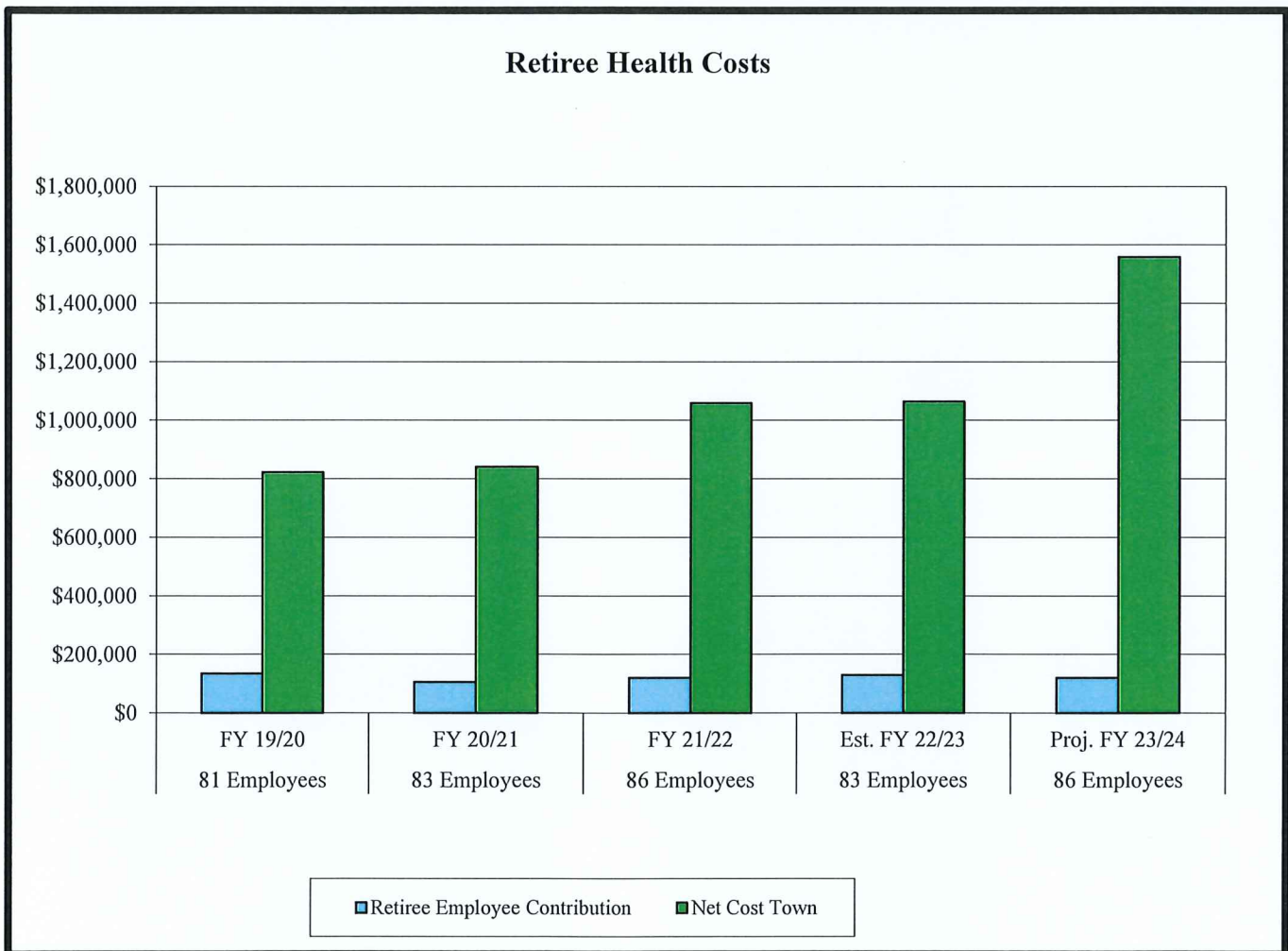
Employee benefits have increased by \$237,834 or 2.48%. The actual increase is caused by a number of factors, including increased medical insurance costs associated with a rate increase recommended by the Town's insurance consultants and an increased amount of retiree health funding associated with the depletion of the Post-Retiree Employee Benefit Reserve Fund, which had previously been used to offset retiree health contributions. It should be noted that, starting in fiscal year 2023/2024, the Town's Worker's Compensation costs are being categorized as a component of Municipal Insurance rather than an employee benefit. This resulted in a \$242,284 decrease in employee benefits from fiscal year 2022/2023.

RETIREE HEALTH COSTS

Retiree Health (\$1,871,000) is accounted for in the following manner:

1. \$313,545 is a portion of the actuarially determined contribution that is budgeted from the General Fund and Sewer Fund to the Other Post-Retirement Medical Benefit Trust Fund.
2. \$1,557,455 is budgeted for the Town's contribution for current retiree health costs. In fiscal year 2022/2023, \$1,064,051 was budgeted.

	FY 2019/2020	FY 2020/2021	FY 2021/2022	FY 2022/2023	Projected 2023/2024
Number of Retired Employees Receiving Health Insurance	81	83	86	83	86
Gross Cost	\$1,184,796	\$1,176,365	\$1,413,501	\$1,393,019	\$1,827,170
Retired Employee Contribution	\$134,477	\$105,243	\$120,000	\$128,968	\$119,715
Fund Balance Assigned for OPEB	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Budgeted Transfer from PREBRF	-	\$80,000	\$85,265	\$50,000	-
Net Town Cost	\$822,072	\$841,122	\$1,058,236	\$1,064,051	\$1,557,455



SERVICES AND SUPPLIES

The Services and Supplies portion of the Town Operating Budget totals \$7,674,121 for fiscal year 2023/2024, an increase of \$543,887 (7.63%) over the fiscal year 2022/2023 Services and Supplies budget of \$7,130,234. Major increases over \$10,000 include:

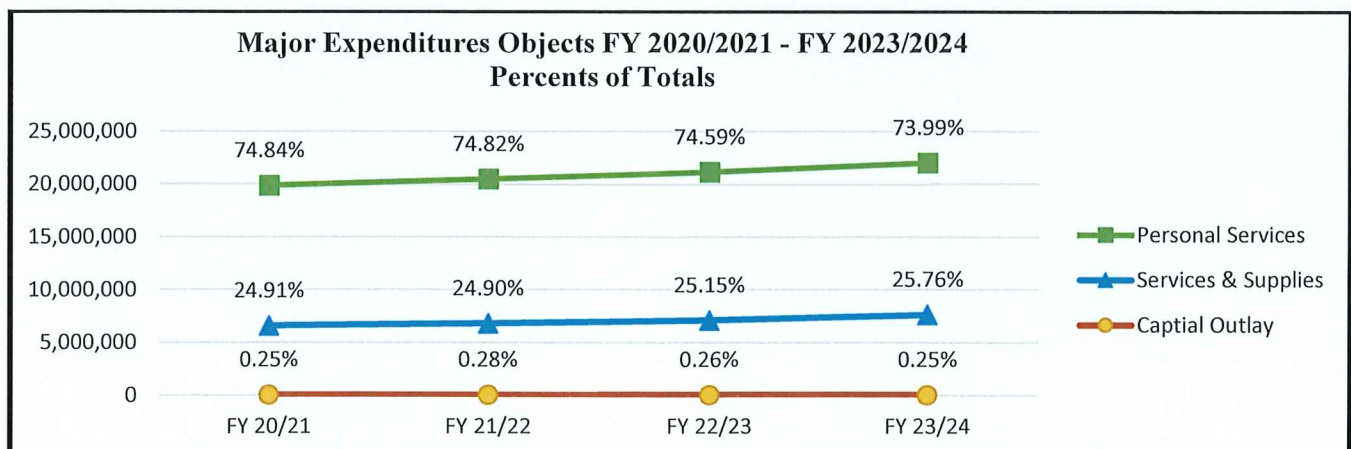
Major Increases	FY 2022/2023	FY 2023/2024	\$ Inc/(Dec)	% Inc/(Dec)
Municipal Insurance (Includes Workers' Comp.*)	\$302,685	\$561,749	\$259,064	85.59%
Motor Fuels	221,831	283,182	61,351	27.66%
Fire Fighting - Grants & Contributions	791,680	833,364	41,684	5.27%
Public Works - Solid Waste Disposal Services	229,150	247,750	18,600	8.12%
Computer Operation	295,000	312,110	17,110	5.80%
Human Resources - General Service	7,190	23,190	16,000	222.53%
Roadways - General Service	140,725	153,725	13,000	9.24%
Printing	49,069	61,399	12,330	25.13%
Social Services - Basic Assistance	29,500	39,500	10,000	33.90%
Total	<u>\$2,066,830</u>	<u>\$2,515,969</u>	<u>\$449,139</u>	<u>21.73%</u>

* The FY 2023/2024 Municipal Insurance budget includes workers' compensation expenditures of \$247,011, which accounts for the majority of the \$259,064 increase presented on this line. If workers' compensation were to be excluded from this comparison, an increase of \$12,053 would be presented for Municipal Insurance from FY 2022/2023 to FY 2023/2024.

CAPITAL OUTLAY

The third major category of Town expenditure is Capital Outlay. This includes capital equipment or facilities improvements of \$20,000 or less and a life expectancy of less than five years. Expenditures adopted for fiscal year 2023/2024 total \$74,030, a decrease of \$760 (-1.02%) from fiscal year 2022/2023. The top three capital outlay expenditure increases adopted for fiscal year 2023/2024 are:

Major Increases	FY 2022/2023	FY 2023/2024	\$ Inc/(Dec)	% Inc/(Dec)
Parks & Recreation - Recreational Equipment	\$19,600	\$24,100	\$4,500	22.96%
Information Technology - Computer Infrastructure	-	3,000	3,000	100.00%
Police Administration - Other Equipment	7,700	10,000	2,300	29.87%
Total	<u>\$27,300</u>	<u>\$37,100</u>	<u>\$9,800</u>	<u>35.90%</u>



SCHOOL OPERATING BUDGET

The Board of Education accounting system is mandated by the State of Connecticut. Per the Town Charter, the Board of Education is required to file their budget with the Town Manager no later than February 15th. The fiscal year 2023/2024 Board of Education budget was approved by the Board of Education at their regularly scheduled meeting on January 17, 2023.

Account/Expenditures General Fund	2020/2021 Budgeted	2021/2022 Budgeted	2022/2023 Budgeted	2023/2024 Adopted
Salaries	\$38,718,888	\$39,215,846	\$40,699,418	\$42,180,291
Employee Benefits	10,354,342	10,859,254	10,369,798	11,076,230
Purchased Professional & Tech Services	1,449,368	1,393,370	1,450,159	1,331,551
Property Services	778,770	790,665	774,926	816,421
Other Purchased Services	7,089,577	7,332,640	7,680,735	7,850,636
General Supplies & Utilities	2,150,275	2,326,392	2,571,436	2,702,842
Equipment	376,685	620,482	681,182	638,536
Fees & Memberships	97,320	95,654	127,950	147,302
SUBTOTAL GENERAL FUND	<u>\$61,015,225</u>	<u>\$62,634,303</u>	<u>\$64,355,604</u>	<u>\$66,743,809</u>
Special Revenue Fund				
Cafeteria Operation	\$1,011,269	\$993,240	\$1,153,428	\$1,139,410
Use of School Facilities	50,000	25,000	25,000	38,000
Prepaid State & Federal Grants	864,800	905,914	950,311	958,612
Technology Protection Plan	-	-	38,675	25,250
Total Special Revenue Fund	<u>\$1,926,069</u>	<u>\$1,924,154</u>	<u>\$2,167,414</u>	<u>\$2,161,272</u>
TOTAL BOARD OF EDUCATION	<u>\$62,941,294</u>	<u>\$64,558,457</u>	<u>\$66,523,018</u>	<u>\$68,905,081</u>

SEWER OPERATING BUDGET

The \$3,198,967 for the operation and maintenance of the sewer system is offset by revenues from the Special Revenues Fund. Included in the \$3,198,967 budget is \$634,327 in Personal Services, \$1,768,775 in Supplies and Services, and \$795,865 in Capital Outlay, of which the majority (\$2,153,365) is for treatment contracts with the Towns of Farmington, Simsbury, and Canton. The Sewer Operating Budget increased by \$82,374 (2.64%).

CAPITAL & DEBT SERVICE BUDGETS - CAPITAL BUDGET

The Capital Improvement Program is a long-range list of capital projects that are proposed by the Town Council and Board of Education for the next ten years. The first five years are provided in detail; the second five-year period in summary fashion only. The first year of the program is called the Capital Budget.

The adopted fiscal year 2023/2024 appropriation for Capital and Debt Service Budgets totals \$7,449,306, a decrease of \$805,480 (-9.76%) from the fiscal year 2022/2023 appropriation of \$8,254,786.

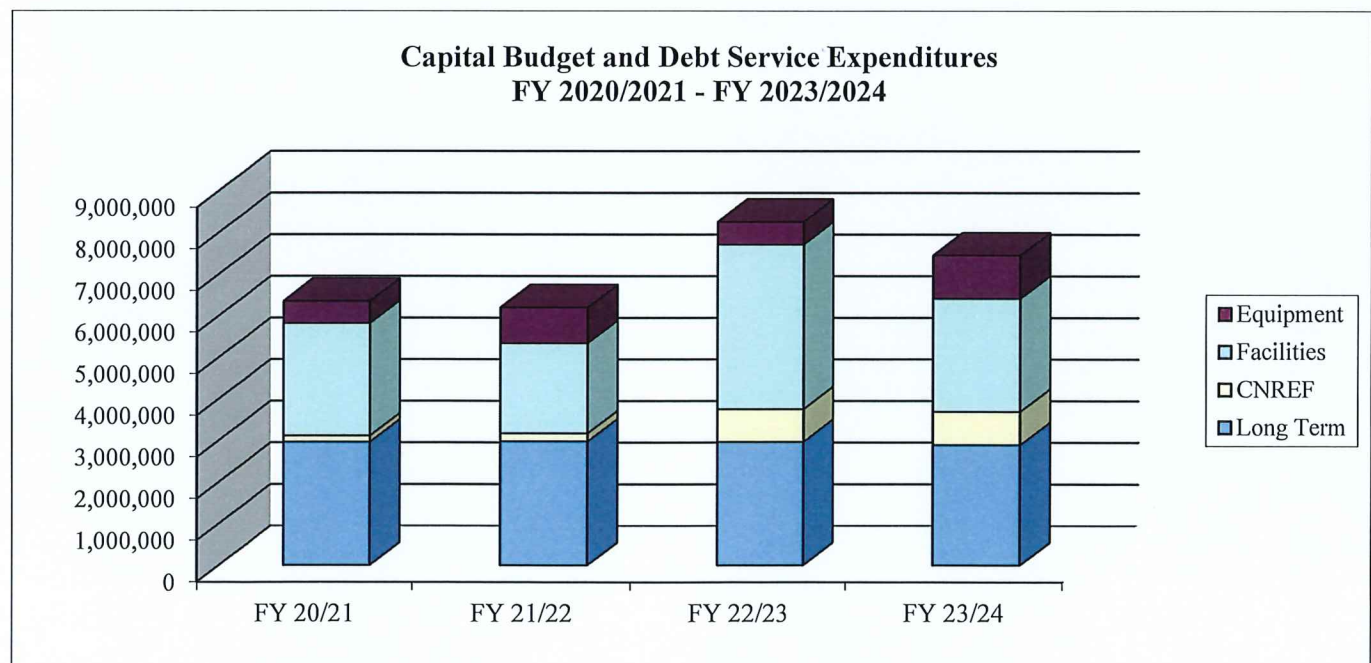
For fiscal year 2023/2024, the Debt Service (principal and interest payments) on Bonds, Bond Anticipation Notes, and Short-Term Notes totals \$2,889,400, a decrease of \$73,550 (-2.48%).

The Capital and Nonrecurring Expenditures Fund (CNREF-Account 493) shows an increase of \$12,000 (1.52%) from the fiscal year 2022/2023 appropriation of \$788,000 to \$800,000. The Capital Equipment (Account 8503) shows an increase of \$493,000 (90.29%) from \$546,000 to \$1,039,000, and the Capital Facilities (Account 8501) shows a decrease of \$1,236,930 (-31.25%) from \$3,957,836 to \$2,720,906.

A Summary Schedule for the adopted Capital Improvement Program for the ensuing fiscal year and four subsequent fiscal years is included under the Capital Improvement section. A summary of Capital Budget and Debt Service Expenditures over the past three years, as well as those appropriated for fiscal year 2023/2024, are included in the charts below.

**CAPITAL BUDGET AND DEBT SERVICE EXPENDITURES
FY 2020/2021 - FY 2023/2024**

FISCAL YEARS	Appropriated 2020/2021	Appropriated 2021/2022	Appropriated 2022/2023	Adopted 2023/2024
Debt Service: Long Term	\$2,959,750	\$2,975,117	\$2,962,950	\$2,889,400
Short Term	-	-	-	-
Sub-Total	\$2,959,750	\$2,975,117	\$2,962,950	\$2,889,400
Capital Improvement Program:				
CNREF	\$149,618	\$195,000	\$788,000	\$800,000
Facilities	2,707,955	2,170,193	3,957,836	2,720,906
Equipment	531,000	858,500	546,000	1,039,000
Sub-Total	\$3,388,573	\$3,223,693	\$5,291,836	\$4,559,906
TOTAL	<u>\$6,348,323</u>	<u>\$6,198,810</u>	<u>\$8,254,786</u>	<u>\$7,449,306</u>



OTHER FINANCING USES BUDGET

Other Financing Uses represent special transactions that are used to account for non-operating expenditures or disbursements. It is not typically necessary for the Town to include Other Financing Uses in the annual budget because the majority of the Town's non-operating expenditures consist of debt service and capital expenditures that are budgeted in their own designated categories.

The adopted budget for fiscal year 2023/2024, however, includes \$750,000 budgeted under Other Financing Uses. This amount is to be transferred to the Medical Claims Internal Services Fund in fiscal year 2023/2024. The source of these funds is a General Fund Balance Assignment that was established by the Town Council and Board of Finance through the approval of fiscal year 2021/2022 year end closing transactions in December 2022.

The Medical Claims Internal Services Fund was established to account for the revenues and expenses related to the Town and Board of Education's current employee health benefits. The Town and Board of Education each budget contributions to be made to this fund in order to fund the costs of medical claims and administrative costs paid towards the health benefits of active employees, which increases the retained earnings balance of the fund. The retained earnings balance of the fund is then decreased through the payment of the aforementioned medical claims and administrative costs.

In fiscal year 2021/2022, Medical Claims Internal Services Fund expenses exceeded revenues by \$1.17 million, resulting in a significant reduction to the fund's retained earnings balance as of 6/30/2022. Positive fiscal year 2021/2022 General Fund operating results allowed the Town to address this through year end transactions by transferring \$750,000 into the Medical Claims Internal Services Fund and placing an assignment on General Fund Balance for another \$750,000. The adopted fiscal year 2023/2024 budget includes a transfer of this Fund Balance Assignment to the Medical Claims Internal Services Fund to further stabilize the retained earnings balance of the fund and to adequately plan for the cost of active employee health benefits.

For further details regarding the Medical Claims Internal Services Fund, please refer to Tab Q of the budget document.